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PETROLEUMS LIMITED



THIRTEENTH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1964

HEAD OFFICE: SUITE 401, 1033 DAVIE STREET, VANCOUVER 5, B.C.

TO THE SHAREHOLDERS OF BRALSAMAN PETROLEUMS LIMITED

Your Directors submit herewith the Thirteenth Annual Report of your Company including the Audited Financial Statements for the year ended December 31, 1964.

Net earnings for the past year amounted to \$40,462 after allowance for all administrative costs and general expenses to conduct the affairs of the Company.

Your Company continued to hold 233,585 shares of Ranger Oil (Canada) Ltd. or 14.7% of the issued capital of that Company. Ranger reported a considerable improvement in earnings during 1964 amounting to \$342,432 or 21.6c per issued share. In view of your Company's substantial interest in Ranger, a copy of its Annual Report is included herewith for your information.

The Company participated with a group of oil, mining and pipeline companies that invested over ten million dollars in the new Slave Lake - Mitsue major oil field discovery located in Northern Alberta. The partners in the project are:

Ranger Oil (Canada) Limited	Spruce Hills Production Company, Inc.
California Standard Company	B. C. Oil Lands Ltd.
Bralsaman Petroleums Limited	Pembina Pipe Line Limited
Maralgo Mines Limited	Camerina Petroleum Corporation
New Taku Mines Limited	Yellowknife Bear Mines Limited
Transcontinental Resources Limited	Texfel Petroleum Corporation
Sunshine Lardeau Mines Limited	Northern Securities Ltd.
Western Decalta Petroleums Limited	H. W. Bass & Sons, Inc.

Development drilling has commenced with three successful wells completed to date. A fourth well is currently drilling on land acquired under a 50-50 arrangement with California Standard Company. Three other locations have been established with drilling to commence immediately.

Construction on the Mitsue pipeline to Edmonton has been completed. The Mitsue crude is of very high quality providing a price of \$2.63 per barrel at the battery.

Your Company's investment in this venture including the last sale on April 22nd, 1965, totals \$117,350. Projected earnings estimated from the favourable preliminary drilling results to date indicate an excellent rate of return will accrue from this investment.

Submitted on behalf of the Board of Directors.

W. B. MILNER,
President.

Vancouver, B.C.
May 20, 1965

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**BRALSAMAN PETROLEUMS LIMITED AND SUBSIDIARY COMPANY,
BRALSAMAN INCORPORATED**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

YEAR ENDED DECEMBER 31, 1964

Sales of crude oil and natural gas, less cost of production and distribution	\$ 38,738.42
Interest and dividend income	331.78
	<u>39,070.20</u>
Administrative and general expenses (including directors' fees \$1,187.50)	16,373.11
Operating profit	<u>22,697.09</u>
Gain on sale of investments	<u>17,765.22</u>
Net profit for the year (Notes)	<u><u>\$ 40,462.31</u></u>

CONSOLIDATED STATEMENT OF DEFICIT

Balance at December 31, 1963	\$259,431.80
Investment in shares and advances of Transarizona Resources Inc. written off	134,641.48
	<u>394,073.28</u>
Less net profit for the year	<u>40,462.31</u>
Balance at December 31, 1964	<u><u>\$353,610.97</u></u>

See accompanying notes to consolidated balance sheet.

Subject to the accompanying report of Peat, Marwick, Mitchell & Co.,
Chartered Accountants, dated March 24, 1965.

BRALSAMAN PETROLEUMS LIMITED AND SUBSIDIARY COMPANY, BRALSAMAN INCORPORATED

CONSOLIDATED BALANCE SHEET • DECEMBER 31, 1964

ASSETS

Current assets:

Cash	\$ 22,813.95	
Accounts receivable	7,519.04	
Total current assets	30,332.99	
Investment in marketable securities, at cost (quoted market value \$363,015.00)		436,289.84
Oil and gas properties and equipment, at cost:		
Petroleum and natural gas leases, permits and interest, including development and equipment thereon:		
Producing	\$293,350.93	
Non-producing	248,046.00	
	541,396.93	
Other equipment	417.75	541,814.68
Organization expense		1,807.94
		<u>\$1,010,245.45</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bralsaman Petroleums Limited and subsidiary company, Bralsaman Incorporated, as of December 31, 1964 and the consolidated statements of profit and loss and deficit for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No provision for depreciation or depletion has been made by the companies since incorporation, nor has any provision for losses on abandonment of dry wells (cost approximately \$58,000.00) been made by the subsidiary.

In our opinion, subject to the foregoing, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of profit and loss and deficit are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies at December 31, 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
March 24, 1965.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

LIABILITIES

Current liability:

Accounts payable	\$	3,144.31
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Capital and surplus:

Capital:

Authorized 1,000,000 shares of \$1.00 each; issued 775,000 shares (of which 575,000 shares for cash and 200,000 as part con- sideration for petroleum and natural gas leases, permits and interest)	\$775,000.00	
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Surplus:

Contributed (no change during the year)	\$585,712.11			
Deficit, per accompanying statement	353,610.97	232,101.14	1,007,101.14	

Approved on behalf of the Board:

W. B. MILNER, Director

L. G. WHITE, Director

\$1,010,245.45

Note 1:

Current assets and liabilities of the U.S. subsidiary have been converted to Canadian dollars at the current rate of exchange. Fixed assets have been converted at the rate of exchange existing at the date when purchased and income and expense at the average rate of exchange for the year.

Note 2:

No taxes on income are payable for the year because the companies intend to claim sufficient preproduction expenses to arrive at a nil taxable income.

Subject to the accompanying report of Peat, Marwick, Mitchell & Co., Chartered Accountants, dated March 24, 1965.



DIRECTORS

W. B. MILNER

L. G. WHITE

DR. KAHO DAILY

J. M. PIERCE

AIR VICE-MARSHAL K. G. NAIRN

DAVID B. ARMSTRONG

OFFICERS

President—W. B. MILNER

Vice-President—L. G. WHITE

Treasurer—F. W. SCHROEDER

Secretary—D. E. BETCHLEY

TRANSFER AGENT

NATIONAL TRUST COMPANY LIMITED, VANCOUVER, B.C.

AUDITORS

PEAT, MARWICK, MITCHELL & CO., VANCOUVER, B.C.

SOLICITORS

BULL, HOUSSE & TUPPER

675 WEST HASTINGS STREET, VANCOUVER 5, B.C.

HEAD OFFICE

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